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FOREIGN SERVICE DESPATCH

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JUN 19 1953

FROM: AMEMBASSY, GUATEMALA
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DESP. NO.

TO: THE DEPARTMENT OF STATE, WASHINGTON.
June 19, 1953
DATE

REF: -- F790004-1215

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	REC'D	JUNE 20	INFO OTHER	ARMY NAVY AIR OSD CIA

SUBJECT: Joint Weeka No. 25 for State, Army and Air Departments from S - Section I

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PER CIA/MMA OFFICE ARA
EADRC FOI CASE NO. 74032

During the past week there was a lull in Guatemalan politics as the Congress, disabled by continuing lack of quorums, made little progress on the Administration bill to make technical changes in the Agrarian Reform Law, the bill to create a National Agrarian Bank and other items on its agenda (Weeka 24).

Meanwhile, labor disputes affecting American companies here continued to be marked by political overtones. In the Empresa Eléctrica's wage dispute with its employees, Judge José GARCIA Bauer of the First Labor Court obtained union and management agreement to have an economist from each side look into the management's contention it could not afford a wage increase, but after the agreement was concluded the union representative consulted Sr. Carlos Manuel PELLECER, Communist Secretary of Labor Disputes of the CGTG, and subsequently notified the court that the union would not appoint an economist. The Coordinating Labor Judge, to whom the case was referred, ruled that the union representative had lacked the juridical character to bind the union to the agreement. Judge García Bauer, who usually sides with labor, apparently as a result of this interference submitted his resignation. The management believes there is a real chance of a strike developing from the dispute.

In the dispute between the railway workers' union SAMF and the International Railways of Central America (IRCA) concerning a new labor contract, both management and the union were preparing their cases for the conciliation proceedings scheduled to begin shortly, but their real attention was focused on the June 18-20 union elections which will determine whether in the future course of the dispute the SAMF will be controlled by the pro-Communist group headed by Sr. Aristeo SOSA Jr., the present Secretary General, or the non-Communist group headed by the opportunistic Sr. Arturo MORALES Cubas. Shortly after the polls opened on the first day, Sr. Morales Cubas charged that the Sosa faction, which controls the union's Executive

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Committee, was resorting to fraud, and at his insistence the Inspector General of Labor, Sr. Julio VALLADARES Castillo, issued a series of orders designed to prevent plural voting.

During this period of relative inactivity, the Communists continued to work steadily away at their international propaganda themes. With their sympathizers, they sent to President Eisenhower a petition for clemency for the convicted atomic spies Julius and Ethel ROSENBERG with the signatures of 19 of the 53 present members of Congress and staged a demonstration of about 80 persons in front of this Embassy on behalf of the Rosenbergs. The Communists also mobilized one local Communist-front youth and students' organizations and the youth section of the Partido Acción Revolucionaria (PAR), the leading Administration party, in a National Preparatory Committee for the Fourth International Youth Festival which is to take place in Bucharest, Rumania, under the auspices of the World Federation of Democratic Youth, an international Communist organization.

FOREIGN AFFAIRS

The press reported that Guatemala had officially asked that the Tenth Inter-American Conference to be held at Caracas consider the resolution of the 1948 Bogotá conference relative to "occupied colonies and territories in America", a move indicating Guatemala's continuing effort to obtain hemispheric support for its claim to British Honduras. The press further reported that the Argentine Chargé d'Affaires, Sr. Belisario AREVALO, had called on Dr. Raúl OSEGUEDA, the Foreign Minister, to convey his Government's assurance of support.

Rudolf E. Schoenfeld

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JUN 20 1953

FROM : AMEMBASSY, GUATEMALA — DESP. NO. 1123

TO : THE DEPARTMENT OF STATE, WASHINGTON. — DATE June 19, 1953

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MLS	REC'D JUN 22	INFO OTHER AG CCM FRB IN LAB TAE TI XMB ARMY NAVY AIR OSD CIA 6-25-53

SUBJECT: WEEKLY NO. 25 - ECONOMIC SECTION

Date of Officer 6-18-53

Direction to DC/R file

SECTION II

There was little activity of significance during the past week. The Special Session of Congress which began June 9 made little progress on the National Agrarian Bank bill and proposed revisions of the Agrarian Reform Law (see Section I) and the press pointed out the likelihood of further delay because the 1953-54 budget would probably occupy all of Congress' time during the next few weeks.

The first anniversary of the Agrarian Reform Law, enacted on June 17, 1952, was utilized to publicize widely the National Agrarian Department's (DAN) achievements: these included expropriation of 373,158 acres of uncultivated private lands, which are to be distributed among over 100,000 farm laborers; delivery of 722,526 acres of the 110 national farms to 25,000 workers, including 6,000 organized in cooperatives; extension of $304,924 in credit to the new landholders through the National Mortgage Bank; and distribution of 11,000 head of cattle. The official Diario de Centro América commented that although the DAN could show some progress, most farm workers felt that it was not moving ahead rapidly enough, "due in part to the obstructionist tactics of the large landholders and their paid agitators".

Economic Development

Colonel Carlos ALDANA Sandoval, Minister of Communications and Public Works, submitted to Congress a proposed law which would declare the construction of port and dock

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facilities at Santo Tomás to be of public necessity, thus permitting expropriation of the required lands and the hiring of a larger percentage of foreign workers than is normally allowed by the Labor Law. The bill would also authorize the Government, "at its discretion", to indemnify the dispossessed landowners in cash or in bonds. A contract for construction of the port by the United States firm of Morrison & Knudsen has been under discussion for some time but has not yet been closed. Colonel Aldana said that the matter would be discussed again at the next cabinet meeting.

Rudolf E. Schoenfeld